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2. USSR: NO BOLD MOVE AFOOT TO ACQUIRE ADDITIONAL
TOLL ENRICHMENT CONTRACTS

/***** BEGINNING OF SECTION 003 *****/

COMMENT:

A WINDOW OF OPPORTUNITY IS BEGINNING TO OPEN WHERE A URANIUM
ENRICHMENT SUPPLIER USING BOLD AND INNOVATIVE PRICING COULD
CAPTURE A LARGE PERCENTAGE OF THE UNCONTRACTED DEMAND FOR
TOLL ENRICHMENT SERVICES THAT WILL EXIST IN THE 1990S.

MANY UTILITIES THROUGHOUT THE UNITED STATES, EUROPE, AND THE
FAR EAST HAVE NOT CONTRACTED FOR ALL THEIR ENRICHED FUEL
DEMANDS FOR THE 1990S. THE DEMAND THAT IS NOT CONTRACTED
WILL INCREASE FROM ABOUT 1 MILLION SWUS IN 1990 TO NEARLY 23
MILLION SWUS BY 2000. ALTHOUGH THE UNCONTRACTED DEMAND
APPEARS GREAT IN THE 1990S, ENRICHMENT PLANT CAPACITY IS
EXPECTED TO EXCEED TOTAL DEMAND BY 20 TO 25 PERCENT IN THE
1990S. THE MARKET WILL BE A BUYERS' MARKET IN THE 1990S
WHERE THE UTILITIES WILL BE SEEKING THE MOST COMPETITIVE
TERMS. THE UTILITIES WILL NOT BE EAGER TO MAKE COMMITMENTS
TODAY THAT WOULD FORECLOSE FUTURE COMPETITION.

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[REDACTED]

THE FISCAL YEAR 1987 DEPARTMENT OF ENERGY PRICE WAS 119 DOLLARS PER SWU. COGEMA, FRANCE'S EUROFIF GASEOUS DIFFUSION PLANT, CHARGED 147 DOLLARS PER SWU IN 1937 FOR ONE CONTRACT. URENCO, THE DUTCH, GERMAN, AND ENGLISH GAS CENTRIFUGE FACILITY AT ALMELO, NETHERLANDS NEGOTIATES THE PRICE FOR EACH CONTRACT, WHICH GENERALLY HAS BEEN ABOUT 100 DOLLARS PER SWU. ENRICHMENT COSTS FROM THESE FACILITIES ARE PROJECTED TO BE LOWER IN THE 1990S. NEW ENRICHMENT TECHNOLOGIES, MOST NOTABLY THE LASER ISOTOPE SEPARATION PROCESS, SHOULD SIGNIFICANTLY REDUCE ENRICHMENT COSTS. THE PROJECTED COSTS OF THESE TECHNOLOGIES RANGE FROM 40 DOLLARS TO 90 DOLLARS PER SWU. [REDACTED]

[REDACTED]

IF THE SOVIETS ARE TO BE SUCCESSFUL IN EXPANDING THEIR SHARE OF THE MARKET (CURRENTLY FOUR TO SIX PERCENT), THEY MUST (A) REMAIN VERY KNOWLEDGEABLE OF THE COMPETITION'S INTENTIONS FOR IMPLEMENTING ADVANCED ENRICHMENT TECHNOLOGY AND THE ECONOMICS OF THAT TECHNOLOGY; AND, (B) MUST OFFER PRICES SUFFICIENTLY LOW TO MAKE THE RISK OF SIGNING A LONG-TERM CONTRACT ACCEPTABLE. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

/***** [REDACTED] *** /

[REDACTED]

[REDACTED]